UNITED
NATIONS

A

General Assembly

Distr.
LIMITED

A/CONF.191/IPC/L.5/Add.1
6 February 2001

Original: ENGLISH

INTERGOVERNMENTAL PREPARATORY COMMITTEE
FOR THE THIRD UNITED NATIONS CONFERENCE
ON THE LEAST DEVELOPED COUNTRIES
Second session
New York, 5 – 9 February 2001

DRAFT REPORT OF THE INTERGOVERNMENTAL PREPARATORY COMMITTEE ON ITS SECOND SESSION

New York, 5 – 9 February 2001

Rapporteur: Mr. R. T. Dogani (United Republic of Tanzania)

Note for the delegates

Delegations wishing to make corrections to the summaries of their statements are requested to do so by **Wednesday, 14 February 2001**. Corrections should be sent by phone, fax or eMail to: UNCTAD, Editorial Unit, Palais des Nations, Geneva, phone +(41 22) 907.5656/1066, fax +(41 22) 907.0056, eMail: chris.macfarquhar@unctad.org.

INTRODUCTION

Opening Statements (continued)

1. The representative of **Norway**, presenting the results of the symposium on the role of the private sector in enhancing productive capacity in LDCs, organized by UNCTAD and the Government of Norway in Oslo on 29-30 January 2001, said that the symposium had provided an opportunity for LDC Governments, their development partners and representatives of the private sector to discuss the role of the private sector, both domestic and foreign, in LDCs' development. The symposium had explored three areas of vital concern to LDCs: attracting productive investments by improving the business and investment climate to enhance productive capacity in LDCs; strengthening small and medium-size enterprises through effective business development services and by strengthening inter-firm linkages; and financing local enterprises by improving the level of financial services and through innovative forms of finance. The broad conclusion of the symposium was that, if globalization was to deliver its benefits to all, the people in LDCs must be empowered to use their capacities fully. That would involve LDCs reshaping their domestic legal and institutional structures to ensure an enabling environment for FDI and enterprise development, and developed countries reshaping their approach to development assistance and trade to reflect a more balanced partnership and a more equitable sharing of opportunities.

2. The representative of **UNDP** said that the value of the draft Programme of Action lay in its holistic framework. It recognized the need for a common vision and for partnership at the country level. The people-centred paradigm of the Programme was in total consonance with UNDP's sustainable human development approach. The country-driven approach emphasized the need for reform on the part of the LDCs and for greater coordination on the part of development partners. The Programme of Action gave due attention to governance issues, human rights principles and democracy. As the lead agency for the interactive debate on governance, UNDP was preparing 10 deliverables for the Conference.

3. Halving human poverty by 2015 required faster growth, and that involved expanding sources of growth and substantially increasing domestic savings and investment rates. Trade expansion was key, and special focus was needed on agricultural trade liberalization in developed countries. Full market access for all LDCs would be an essential complement to debt relief. The other major challenges facing the LDCs included gaining access to affordable modern energy carriers, overcoming the digital divide, tackling the AIDS epidemic, and coping with climate change and natural disasters.

4. New approaches were needed to solve old problems. Globalization and trade expansion were good for growth provided policies were carefully calibrated and attention was paid to social

impacts. It was hoped that LDC III would allow the global community to build a new compact with those countries in greatest need.

5. The representative of **Brazil** said that her country had been a partner in the development efforts of LDCs to the extent possible. Within the context of South-South cooperation, Brazil was presently involved in cooperation projects in the five Portuguese-speaking countries in Africa – Angola, Cape Verde, Guinea-Bissau, Mozambique and Sao Tome and Principe. The projects involved technical, scientific and technological cooperation, educational cooperation, and cooperation in capacity-building and professional training. That cooperation could be supported and strengthened by the United Nations and the donor community. However, LDC III should recognize that the main responsibility for the advancement of the situation of the LDCs lay with the developed countries because of their capacity to contribute.

6. The representative of **Nigeria** said that it was easy to promise the LDCs heaven, but the fact was that the LDCs did not have the capacity to get there. The Programme of Action for the 1990s had said what was expected of the LDCs but not what was expected of their development partners, and now the draft Programme of Action before the Preparatory Committee was very specific in terms of what was expected from the LDCs but only very general as to what was expected from the development partners. There was therefore the same risk of not achieving the desired results. In the field of debt, the HIPC initiative had been positive, but it had not had the hoped-for impact. In the field of poverty, eradication had been the long-proclaimed goal, but it had not been achieved. It was therefore to be hoped that LDC III would be a Conference of specifics and that something better would emerge than in the past.

7. The representative of **China** said that the draft Programme of Action was a good basis for discussion. In the 1990s, ODA had declined, debt had accumulated, and commodity prices had fallen, so the economic development of the LDCs had not progressed, and the Programme of Action for the 1990s had not proved satisfactory, with many targets being missed. The draft Programme of Action should therefore include an assessment of the last Programme so as to learn from past experience. With regard to the structure of the draft Programme, the main focus should be on the impact of globalization, poverty alleviation and development financing, so the Programme should begin with ODA, debt, trade and investment. The present commitment 1 should be reduced in length and merged with commitment 2. The draft Programme concentrated too much on domestic policy, so there was an imbalance between domestic and international actions. While the LDCs must rely primarily on their own efforts, the main cause of their problems lay in the external environment, so the international community had to assume its obligations in that respect. The draft Programme did not provide a good balance between economic and non-economic factors. Economic growth was a prerequisite for social development, so the Programme of Action should stress economic issues. Concerning governance, the Programme of Action should deal more with global good governance, and good

governance should not be a precondition for development cooperation. China, a developing country, had always assisted the LDCs as far as its means allowed, and it appealed to other countries to do the same, in particular through the cancellation of debt.

8. The representative of **IFAD** supported the proposed draft Programme of Action and commended it to the attention of all development partners of LDCs. The *Rural Poverty Report 2001* was being launched that day by the Secretary-General of the United Nations. The first key message of the Report was that the centrality of rural poverty must first be recognized in any effort to reduce overall poverty. The second key message was the need to realize that most of the rural poor depended on agriculture and related activities for their livelihood. In order to achieve more rapid poverty reduction, it was necessary to reverse the decline in the flow of resources to agriculture and rural development which had occurred in development finance in the past 30 years. Third, the Report reviewed indepth four themes that affected the material conditions of the rural poor, namely assets, technology, market and institutions. It made the case that an improvement in the access of the poor to these four elements was an essential condition for success in the reduction of poverty in general and rural poverty in particular, especially in the LDCs. Finally, IFAD believed that poverty reduction measures must focus on smallholder agriculture as one of the mainstays of rural populations.

9. The representative of **IMF** said that he agreed with the statement made by the World Bank, especially as it referred to debt relief. His organization appreciated the emphasis that the draft Programme of Action placed on such issues as macroeconomic stability, capacity building, private investment flows, especially FDI, and savings. Concerning debt relief, the international community had made a major effort in that connection. For its part, IMF did not advocate debt cancellation or moratoria, but favoured the use of resources freed through debt relief measures for poverty reduction programmes. IMF was providing the LDCs with extensive technical cooperation which was being increasingly targeted at poverty reduction. It was in particular participating actively in the Integrated Framework for Trade-related Technical Assistance. Finally, with regard to the links between LDC III and the upcoming event on financing for development, it would be important to harmonize views on the issues common to both conferences.

10. The **President of the General Assembly** said that the committee's collective work must engender a renewed sense of hope for some seven hundred million people in LDCs. The preparatory process must culminate in concrete actions that would genuinely help free them from the clutch of deep poverty and deprivation. This engagement was a critical part of the common fight to halve the number of people living in extreme poverty by 2015 – a target reaffirmed by Heads of State and Government at the Millennium Assembly. The primary responsibility in meeting this target lay on the shoulders of the LDCs. The resolve of the international community, in particular the industrialized countries, to make stronger efforts in support of

LDCs was, however, essential for success. The Millennium Declaration articulated actions in three critical areas, namely trade, ODA and debt, where external support could make a major difference. It was noteworthy that the policies and actions contained in the Programme of Action were based on the universal values enshrined in the Millenium Declaration, namely: solidarity, shared responsibility, freedom, democracy, equality, common concern for world peace and security, and the wellbeing of succeeding generations. The hosting of the Conference by the European Union signaled the willingness of the development partners to remain collectively engaged in the fight against poverty in least developed countries. He urged all stakeholders to go beyond rigid positions and to transcend the status quo. Finally, effective mechanisms for implementation and follow-up of the Programme of Action at all levels and especially the involvement of the United Nations system would be very important.

11. The representative of **UNIDO** said that LDC III was of critical importance, since reducing poverty and making globalization work for the poor were the greatest challenges of today. Globalization could create the conditions for sustainable growth, but the costs and benefits of globalization were distributed unevenly. One of the reasons for the economic stagnation and marginalization of LDCs was neglect of industry as a driving force for development, and the focus on productive capacity in the draft Programme of Action was therefore welcome. At the same time, that focus needed to be sharpened, since globalization was too narrowly defined and ignored the globalization of production. The Programme of Action would provide a multisectoral framework for development, and its success would hinge on its interface with national plans of action.

12. The representative of the **Republic of Korea** said that sustainable development of LDCs remained a top priority in the pursuit of global long-term growth, but so far the international community's various efforts to assist LDCs had not lead to the desired results. The principles of shared responsibility and strengthened partnership were therefore still valid in tackling the challenges faced by LDCs today. LDCs had many difficulties in mobilizing domestic resources, and an inflow of external resources, such as ODA and FDI, was essential. High priority should be given to human resources development and infrastructure building in the development strategy for LDCs, and the international community should provide financial support for long-term investments. The necessary measures must also be taken to close the digital divide between developing countries and developed countries. ODA was key to infrastructure and human resources development, and his country was making continuous efforts to increase the volume of ODA extended to LDCs, particularly in the field of human resources development. Finally, it was hoped that LDC III would provide effective strategies and guiding principles for tackling the challenges faced by LDCs in the first decade of the new millennium.

13. The representative of **WTO** stressed that his organization shared the objectives and principles of the draft Programme of Action. Meeting the internationally agreed goal of halving

poverty by 2015 would require that a new round of multilateral trade negotiations be launched as soon as possible to ensure that the trading system remained open, that protectionism was kept at bay, and that all countries could address systemic imbalances, real or perceived. The new round should be based on a development agenda that addressed the concerns of all Members. It was also necessary to establish a consensus that would improve the circumstances of LDCs. In this connection, the WTO considered that the Programme of Action should be a vital strategic instrument for development, with priority areas of action in the field of trade an integral part. WTO could provide concrete deliverables at LDC III in five areas: (i) ensuring that there would be "trade integration chapters" within PRSPs; (ii) significant improvements in market access opportunities for LDCs; (iii) a status report on LDCs' accession; (iv) the new Integrated Framework, which would improve the delivery of trade-related technical assistance to LDCs; and (v) institutional integration of LDCs into the multilateral trading system.